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Congress Roundup

Public Education on
Tax-Cut Needed?

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WASHINGTON, Jan. 29 (Press) — President Kennedy's chief economic adviser said that some taxpayers are conducting a "remarkable puritanical effort" to deny themselves a tax cut.

He said this must be overcome by education, because a tax cut is the only way the nation's economy can be stimulated to the level it should be.

The statements were made by Walter W. Heller, chairman of the Council of Economic Advisers, in testimony yesterday before the opening session of the Joint Congressional Economic Committee hearings of Mr. Kennedy's plan to cut taxes a net of \$10,200,000,000 over the next three years.

Heller was questioned closely by several committee members about the budget deficit which would be incurred under the Administration program and the possibility it would lead to inflation.

"Don't Bother," Some Say

It was questioned by Rep. Martha W. Griffiths (D., Mich.) that led to Heller's admission that not all taxpayers want a reduction.

The congresswoman said the President's proposal sounded good in theory, "but the individual taxpayer has a theory of his own that doesn't fit in with yours."

The proposed cuts she said would save the average taxpayer only about \$200 a year but a survey she conducted, showed that 62 per cent of those questioned felt that "if it's not going to be more than that, don't bother."

Heller agreed there were some who felt that way.

"It is remarkable that their puritanical effort should be that they want to deny themselves a tax reduction," he said.

"There is a need for public education on this," he added.

In the past 5½ years, Heller said, the nation has been "in the grip of economic lethargy" which could best be broken by a tax reduction.

Reforms Hard To Get

The White House adviser said part of the stimulation would come from greater spending by the individual, but the Administration's proposals for new incentives to increase investments in business also are needed.

Sen. Claiborne Pell (D., R.I.) asked why the President did not recommend more tax reforms to recoup more of the revenue which would be lost through the reductions.

"Even as a liberal Democrat, Pell said, 'I have doubts about the continuing deficit.'"

Heller said Mr. Kennedy recommended as many reforms as he thought congress would enact.

In other congressional action:

JUNKETS — The House Rules Committee voted to crack down on foreign junketing by members of the House.

It agreed unanimously to a proposal by chairman Howard W. Smith, (D., Va.), to put a ceiling on use of counterpart funds by traveling legislators, to require a detailed accounting of how the money was spent, and to deny the use of the funds to committees not specifically authorized to travel abroad.

Counterpart funds are foreign currencies owned by the United States and generally obtained through foreign-aid programs. They are available for use by members of Congress who travel abroad.

Members who use the funds must make an accounting, but details of the accounting usually are sketchy.

STOCKPILE — Arthur S. Flemming testified that neither political pressure nor friendship induced him to extend a costly defense stockpiling program during the Eisenhower Administration.

Flemming told a special Senate Armed Services Investigating Subcommittee he was unaware of pressures to extend the program, such as were described to the subcommittee last month by former assistant Secretary of the Interior Felix Wormser.

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Flemming said he never even suspected that political pressure caused a "flip flop" in which Wormser in 1956 first opposed, then recommended, extension of the disputed program.

Involved was the purchase of nearly 50,000 tons of chromite ore by the Government at prices described in questioning as "two to two-and-a-half times the world market price of \$4 to \$45 a ton."

Flemming also testified "very categorically," as he put it, that a letter from his political friend, the late former secretary of the Interior Douglas McKay, "did not govern me in arriving at my decision," to extend the program.

Flemming defended his administration's Defense Mobilization Director in the period 1953-1957 before he became a member of the Eisenhower Cabinet as Secretary of Health, Education and Welfare.

AIR COVER — One of the planned air strikes for an invasion of Cuba in 1962 were canceled by President Kennedy. Sen. Frank Carlson, (R., Kas.), told a meeting of Republican women in Topeka, Kas. Carlson stressed, however, that the United States had not promised air cover for the Bay of Pigs invasion.

Carlson, a member of the Senate Foreign Relations Committee, said the Central Intelligence Agency and Department of Defense originally planned three air strikes. One strike, against Cuban planes on the ground, was carried out, but the other two were canceled.

CUBA SECURITY — A Senate report said President Kennedy exercised virtual pre-man direction of Government action in the Cuban showdown and questioned whether this would be satisfactory in a prolonged security crisis.

The report, by Sen. Henry M. Jackson (D., Wash.), was not critical of this Presidential takeover nor of the results achieved in forcing the withdrawal of Soviet nuclear missiles and bombers from Cuba.

It pointed to the Cuban situation as a more of many reasons for a swift overhaul of present Government machinery for dealing with national security problems—machinery which Jackson feels is dangerously cumbersome, unwieldy and inadequate for dealing with the swiftly developing crises of the atomic age.

BONDS — Tax relief to purchasers of Government "E" bonds whose investments have withered due to inflation was proposed in Congress by Rep. James H. Wadsworth (D., N.Y.).

He introduced a bill which would permit a taxpayer to deduct from his gross income the amount of interest received on an "E" bond in cases where the price he paid for the bond plus the interest gave him less purchasing power than the original amount he invested in the bond.